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# **News Release**

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## **Former BUCA Restaurant Executives Receive Federal Sentences for Misappropriating Funds**

Minneapolis - Former executives of BUCA, Inc., the Minneapolis-based chain of Italian restaurants, have been ordered to serve time in federal prison for misappropriating more than \$200,000 in corporate funds and submitting false financial statements to the U.S. Securities and Exchange Commission. United States District Court Judge Donovan W. Frank sentenced Joseph P. Micatrotto, age 54, of Las Vegas, Nevada, on Monday. Greg A. Gadel, age 47, of Eden Prairie, and John J. Motschenbacher, age 43, of Chanhassen, were sentenced by Judge Frank this afternoon.

Micatrotto, the former chief executive officer and chairman of the BUCA board of directors was sentenced to thirteen months in prison and three years of supervised release. He also was ordered to pay a \$250,000 fine, due immediately, and \$65,000 in restitution to BUCA. Micatrotto had earlier pleaded guilty to one count of wire fraud.

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Gadel, the former chief financial officer and executive vice president of the company, was sentenced to twelve months and one day in federal prison, followed by three years of supervised release. He was ordered to pay a \$50,000 fine and \$76,180 in restitution to BUCA. Gadel had earlier pleaded guilty to one count of aiding and abetting mail fraud and one count of wire fraud.

Motschenbacher, who had worked in various capacities for BUCA, including controller; vice president of finance and purchasing; senior vice president for information, technology, and purchasing; and chief information officer, was sentenced to six months of community confinement with work release, followed by six months of home detention with electronic monitoring and work release. He also was sentenced to two years of supervised release, which is to include 200 hours of community service, seventy-five percent of which must be spent in connection with public speaking or similar education activities. Motschenbacher was ordered to pay a \$25,000 fine and \$145,000 in restitution to BUCA. Motschenbacher had earlier pleaded guilty to two counts of aiding and abetting mail fraud.

According to the court documents filed in this case, Micatrotto defrauded BUCA out of \$65,000 in an attempt to pay a debt incurred when another restaurant in which he had invested ceased operations. Specifically, Micatrotto owed \$63,074.22 to M&I Bank after Girarrosto Toscano, a steak house in Eden Prairie, shut down in 2003.

Micatrotto paid the bank debt with a personal check. To cover that check, however, Micatrotto, Motschenbacher, and Gadel caused a BUCA technology vendor known as High Wire to bill BUCA for \$65,000 in services not actually provided. Upon receipt of payment for that bill, High Wire issued a check for \$65,000 to another company owned solely by Micatrotto. Then,

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Micatrotto endorsed that check and deposited it into his personal bank account to cover his prior payment to M&I Bank.

Other court documents indicate that between 2001 and 2004, Gadel misappropriated more than \$54,000 in BUCA funds to pay for adult entertainment while on business trips. From August through September of 2002, for example, Gadel incurred almost \$27,000 in American Express credit card charges associated with adult entertainment. Relative to those expenses, Gadel submitted to BUCA an official request that the company pay American Express \$30,000 for costs related to a “conference.” Moreover, he directed that the check be provided to him. Upon receipt of the check, Gadel mailed it to American Express as payment on his personal account. Then, in 2003, Gadel charged \$14,371 in adult entertainment on his American Express card. With the assistance of Motschenbacher, he subsequently prompted High Wire to make a check payable to American Express in the amount of \$15,000. Gadel caused that check to be mailed to American Express for payment on his personal account. Later, pursuant to Gadel’s instructions, High Wire mailed BUCA an invoice in the amount of \$83,843.80 for services rendered. That invoice had been inflated by \$15,000 to reimburse High Wire for the funds previously provided to Gadel.

In addition, between January of 2001 and October of 2004, Motschenbacher solicited and obtained various illegal gratuities, cash, and other payments from employees at High Wire and a related company. The illegal payments included \$25,000 for “consulting services,” two all-terrain vehicles, more than \$10,000 in cash, and personal use of a 2003 Chevy Tahoe, the lease for which was actually paid for by BUCA through an inflated invoice submitted by High Wire.

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Moreover, Micatrotto and Gadel falsely certified in filings to the U.S. Securities and Exchange Commission that proper disclosures regarding any fraud by BUCA management had been made to BUCA's auditors as well as the audit committee of the BUCA board of directors. Micatrotto and Gadel failed to disclose, however, the fraudulent use of High Wire funds and misappropriation of BUCA corporate funds.

Following the sentencing of these men, the prosecutor in the case, Special Assistant United States Attorney Hank Shea, commented that the sentences serve to promote respect for the law and provide strong deterrence for others in the corporate community.

This case was the result of an investigation by the Federal Bureau of Investigation and the U.S. Postal Inspection Service.

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